



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Labor and Training

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WORKFORCE INVESTMENT NOTICE: 05-09

TO: Workforce Investment Areas

FROM: John J. O'Hare, Administrator – Workforce Investment Office

SUBJECT: Allocations for the WIA Adult and Youth programs for PY 2006 Delayed.

DATE: March 27, 2006

1. PURPOSE. To inform local Workforce Investment Areas of the action required to address data quality issues affecting the designation of Areas of Substantial Unemployment (ASUs) in order to allot funds under the WIA for Youth and Adult programs for PY 2006.

2. REFERENCES. Sections 127 (b) (2) (B) and 132 (b) (1) (B) (v) (III) of the WIA define an ASU and require that ASU determinations be made once each fiscal year. These ASU designations will be used by the Department of Labor for the allotment of WIA Title I, Chapters 4 and 5 funds to states for PY 2006. Section 182 of WIA requires all allotments to states under Title I to be based on the latest available data and estimates satisfactory to the Secretary.

3. BACKGROUND. In late 2005, the Employment and Training Administration (ETA) and the Bureau of Labor Statistics (BLS) issued guidance to the states on the methodology for determining ASUs for PY 2006. PY 2006 was to be the first year to use the 2000 decennial census data, and the 2005 guidance was aimed at avoiding a 2000 census data processing problem related to group quarters (e.g., college dormitories) which distorts labor force and unemployment data. Use of erroneous census data in identifying ASUs would have resulted in BLS not certifying the PY 2006 ASU data for the state allotments. The PY 2006 state ASU data developed under this guidance was submitted by states and has been certified by BLS.

However, an analysis of PY 2006 state ASU data and calculation of the PY 2006 state allotments using this data revealed a significant impact on state shifts in funding that was very likely due to the revised methodology and appeared to affect states

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disproportionately. As a result of this analysis and consideration of concerns raised by several states, ETA has identified short term (PY 2006) and, if needed, long term (PY 2007 and beyond) solutions for addressing this issue that are applicable to both state ASU and within-state ASU calculations.

4. PY 2006 SOLUTION. Under this revised guidance, ETA authorizes states to break out smaller geographical areas within the BLS Local Area Unemployment Statistics (LAUS) established areas for purposes of identifying state and within-state ASUs for PY 2006; however, the 1990 census data is the latest available data satisfactory to ETA that can be used for this purpose. Designating the use of the 1990 data requires states to recalculate their PY 2006 state and within-state ASUs and requires BLS and ETA to review the revised state ASU calculations (BLS and ETA have no role in reviewing within-state ASU calculations). This solution, in effect, means a repeat of the state PY 2006 ASU process that has just ended.

While this process is underway, data will not be available in time for ETA to calculate the full state formula allotments normally issued at the beginning of the program years for the WIA Youth and Adult programs. Therefore, to provide sufficient funding to allow the programs to continue into PY 2006 and to avoid any disruption in program operations, ETA will provide interim partial allotments.

The interim partial amounts will be announced as part of the annual allotment process by way of a TEGL and Federal Register Notice in early April. When revised ASU data are submitted by states and certified by BLS, full formula allotments for the states will be calculated and also announced in the Federal Register, and eligible states will receive their remaining formula funds. It is anticipated that the remaining funds (for the Adult program, the remaining July 1 funding portion) could be distributed just a few weeks after the start of the Program Year.

5. ETA Plans for PY 2007 and Beyond. ETA will be pursuing avenues for other possible longer-term solutions, such as working with the Census Bureau to produce special tabulations of 2000 Census unemployment and employment data for households only (no group quarters) by census tract, state, county, city, minor civil division and township that can be used by states to develop ASUs for future years.

6. Action Requested. Local Workforce Investment Areas are requested to use PY 2005 Youth carry-out monies until the partial amounts (noted above) for PY 06 Youth become available.

7. INQUIRIES. Any questions concerning this letter series should be directed to me at 462-8782 (johare@dlt.state.ri.us) or Bob Garofano at 462-8149 (bgarofano@dlt.state.ri.us)